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SPEER'S APPOINTMENT AS DICTATOR OF THE GERMAN ECONOMY

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SUMMARY

On September 2, Hitler issued a decree providing for reorganization of the top controls of the German war economy. The Minister for Armaments and Munitions (Speer) is given full control over all production. The Minister of Economics (Funk) correspondingly loses powers and is granted certain largely nominal compensations.

In the past Speer has been responsible for production of war materials, Funk for production of consumers' goods and allocation of raw materials. Each has had a bureaucratic apparatus, and each has operated through "self-governing" industrial organs - Speer through "committees" and "rings", Funk through "chambers" and "groups". These organizations have in part overlapped and competed with one another. The decree has the effect of putting the entire complex of bureaucratic and self-governing organs under the control of Speer who thus becomes the virtual dictator of Germany's war economy. Funk is kicked upstairs and deprived of his most important functions. Speer's elevation does not, however, indicate a corresponding decline of Goering's power.

This newest economic reorganization is motivated by Germany's need to maintain and if possible increase arms production in the face of defeats in Russia, actual and potential loss of allies and territory in Italy and the Balkans, and the bombing offensive from the west and south. The need for maximum speed and flexibility in coping with the damage and dislocation of air raids has probably been the decisive factor.

The probable consequences of this move include:

a. Maximum concentration on war production with a consequent reduction in the output of consumers' goods;

b. One-man rule over economic life, paralleling the recent establishment of one-man rule over internal political and administrative affairs (appointment of Himmler as Minister of Interior);

c. Tightening of the reins in the hands of the Nazi party in preparation for a fight to the finish;

d. An attempt to bind big business, through its numerous and powerful representatives in the Speer organization, more closely than ever to the Party chariot, thus overcoming a strong tendency for the Party to become isolated and vulnerable to attack;

e. A growing restiveness on the part of industrialists who must now foresee their own ruin in a continuation of the present Nazi military, political, and economic policies.

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SPEER'S APPOINTMENT AS DICTATOR OF THE GERMAN WAR ECONOMY

1. The Hitler Decree

a. On September 2, 1943, Hitler issued the following decree:

"The contingencies of war necessitate the further concentration and unification of the control and organization of the war economy, in order to utilize even more effectively than hitherto the economic strength of the German people for war purposes.

"Total productive capacity and manpower will in the future have to be used to an even greater extent and more intensively to achieve an increase of armament production. To this end, German war production has to be directed from one place, according to uniform directives.

"A decree by the Fuehrer of Sept. 2, 1943, concerning concentration of the war economy puts the Reich Minister for Armaments and Munitions in control of total German production for the duration of the war, while the Reich Minister of Economics will be responsible for the general economic policy, for supplying the population with consumption goods, for money and credit policy, for foreign trade questions within the framework of the foreign trade policy of the Reich, and for the financing of the economy, as well as for production.

"The authority of the Reich Minister of Economics in these spheres has been extended. To insure the execution of these tasks the Reich Marshal of the Greater German Reich in his capacity as Delegate for the Four Year Plan has appointed the Reich Minister of Economics Dr. Walther Funk to be a member of the Central Planning Board.

"Simultaneously, the Reich Marshal has extended the authority of Reich Minister Speer in his capacity as Commissioner General in the Four Year Plan for Armament Tasks to the whole war production.

"The Reich Marshal has ordered the setting-up of a Planning Office with a Commissioner General for Armament Tasks and War Production. This measure brings into line various planning authorities of the war industry.

"The jurisdiction of the Reich Marshal of the Greater German Reich, in his capacity as Delegate for the Four Year Plan, is not affected by this new arrangement. Nor is the competence of the Reich Minister for Foreign Affairs for the foreign trade policy of the Reich and for preparing and conducting foreign trade negotiations affected."

b. A radio speech by Dr. W. Heitmueller 1/ interpreted the decree in the following manner. The appointment of Speer is "the beginning of greater simplification and a tightening of Germany's war economy." "It is understood that" . . . . Speer "by the forming of Main Committees will exploit for an increase of production all the reserves." "Contrary to the methods . . . . which in their broad lines had been drawn up by Dr. Hjalmar Schacht . . . . Speer will not be restricted to problems of raw material production and the distribution of orders . . . . but will decisively influence production." The commentator stresses that Speer's "unbureaucratic methods" have released "technical energies" and that the "exchange of experiences, the concentration of orders with the most efficient works" and rationalization have brought the armament industries under Speer to "a remarkably high standard." He added that the new distribution of power between Funk and Speer did not come as a surprise.

The self-government of industry, the raw material control agencies and the whole apparatus thus far under Funk will come under Speer.

Funk in turn has received greater powers over credit policy and will have the "supreme authority for all credit institutions". The details, in this respect, have not yet been published.

The Central Planning Committee of Göring as Hitler's Delegate for the Four Year Plan, consisting so far of Paul Koerner, Field Marshal Milch and Speer, has been enlarged by adding Funk to it.

c. Another broadcast 2/ stresses that "total productive capacity and manpower will, in the future, have to be used even to a greater extent and more intensively to achieve an increase of armament production". It is for this reason that the German war economy has to be directed from one place - that is, the Speer Ministry. The broadcast also mentions that Speer as Commissioner General for the Armament Tasks in the Four Year Plan Office has received additional power and that Göring, apart from the Central Planning Board, has established a Planning Office with the Commissioner General for Armament Tasks in order to coordinate the various planning agencies.

1/ Transocean in English to North America, September 8, 1943. FCC Daily, September 9, 1943.
2/ Berlin (Press) in German, September 8, 1943.

d. Two measures have already been enacted by Speer. The first 1/ orders the reorganization of the manufacture of certain component parts for war material, especially those made of textiles, paper, tin, wood, and soldering work. This work will have in the future to be done primarily at home in order to enable married women to work at home instead of in factories. This measure, the decree says, will not only save time but insure the continuity of work during air raids.

Another decree 2/ establishes a ministerial committee for standardization for the purpose of coordinating the many agencies engaged in the rationalization and standardization of the German economy.

2. The Careers of Funk and Speer

Walther Funk was born in 1890, studied economics and became in 1916, after having changed jobs frequently, financial editor of the Berliner Boersenzeitung. This newspaper belongs to General Jochim von Stuelpnagel, brother of General Otto v. S., Military Commander in France. The Stuelpnagels are, so to speak, liaison officers between the industrial and military hierarchies. 3/ They own a considerable part of the Waldhof Cellulose Trust and many other industrial corporations. Funk, during the World War, was the spokesman of Pan Germans and annexationists and was a very articulate labor baiter and hater of socialism. In 1920, he married into a wealthy family of manufacturers.

In 1930, he became economic adviser of the Nazi Party and, after Hitler's access to power, joined the Ministry of Propaganda as Goebbels' chief aide. He succeeded Schacht as Minister and Reichsbank president and has, throughout his career under National Socialism, defended private capitalism.

Albert Speer was born in 1905 and is an architect by profession. He joined the Nazi Party early and soon became Hitler's favorite builder. He was put in charge of all Party buildings and was made Inspector General for the Reconstruction of the Capital, directly responsible to Hitler. He succeeded Reich Minister Fritz Todt to all positions held by Todt. He is a close friend of Hitler whose mania for architecture is well known. Speer has often sung the praise of private initiative in economic life.

Funk is thus a normal reactionary labor baiter who has joined the Party in order to promote his interests as well as those of the groups behind him. Speer is what may be considered a genuine Nazi enjoying the full confidence of Hitler. He has worked closely with German heavy industry and may be considered a technocratic monomaniac.

1/ Plain from Bern, September 7, 1943.
2/ Plain, Bern, September 6, 1943.
3/ "Some Remarks about the Ruling Class in Nazi Germany" - see PW Weekly No. 12, p. 16, and Weekly Roundup (Central Europe) No. 20, p. 5.

3. The Relative Position of Funk, Speer, Göring and Certain Commissioners in the German War Economy

a. Funk heretofore held the following positions. He was, since the outbreak of the war, Commissioner General for the Economy. As such he was placed in charge not only of the Ministry of Economics but also of the Ministry for Food and Agriculture, the Office of the Reich Forest Master and the Ministry of Labor. In addition, he held and still holds the president of the Reichsbank and is, in this capacity, directly responsible to Hitler. Exempt from his jurisdiction were the Ministries of Finance and Transportation which the Germans considered primarily as "technical" as opposed to "policy making ministries". Funk's power derives primarily from his full control of the Ministry of Economics. The Ministry operates through its bureaucratic organs and through the self-government of industry. The bureaucratic organs consist primarily of the Ministry proper, the Regional Economic Offices (Landeswirtschaftaemter), and the Local Economic Offices (Wirtschaftaemter). The regional organization of the Ministry of Economics was created with the outbreak of the war and is primarily concerned with the rationing of consumers' goods.

The jurisdiction of Funk was a twofold one. He was responsible for the whole civilian sector of the economy. But he was also in charge of planning production and of raw material control. The system of raw material control was revised in the winter of 1942 by the creation of so-called Spheres of Steering (Lenkungsbereiche). Twenty-two such Spheres of Steering were established. They are directed either by National Commissioners who are mostly businessmen, or by the managers of the Economic Groups, or by the Reichsvereinigungen, the national compulsory peak cartels created in the spring of 1942 and controlled by the big combines. The directors of the twenty-two Steering Spheres used for the execution of their tasks the Reichsstellen (the National Boards for raw material control), many cartels (as Verteilungsstellen - Distributing Agencies), and many Groups as Bewirtschaftungsstellen (Rationing Agencies) or Auftragslenkungsstellen (Order Allocation Agencies).

From the spring of 1942 on, raw material control shifted to an ever greater degree from civil servants to the self-government of industry, that is, the Groups and cartels.

By his control of raw material allocation Funk exercised an influence which far exceeded his control of the civilian sector of the economy.

b. Speer's rise dates from the spring of 1942 when, under the impact of defeat in Russia, a reorganization of the German economy was undertaken. From that time on, the Ministry for Armaments and Munitions expanded rapidly and created a bureaucratic and a self-governing apparatus, thus competing with and duplicating the Ministry of Economic Affairs and incorporating the Armament Office (Ruestungsamt) of the War Economy and Armament Office of the Supreme Command of the Armed Forces.

I. The Ministry of Armament and Munitions is composed as follows:

a. The Zentralamt (Central Office) - chief: Paul Pleiger of the Goering Combine and president of the Reichsvereinigung "Coal"; 1/

b. the Technisches Amt (Technological Office) - chief: Mayor Liebel; 2/

c. the Ruestungslieferungsamt (Office for Delivery of Combat Material) - chief: State Councillor Dr. Schieber of the synthetic fiber industry and deputy leader of the National Group "Industry";

d. the Amt fuer Ruestungsausbau (Office for Expansion of Armament Production) - chief: Dr. Voss of the Goering combine. This office operates - as will be shown below - also through field offices;

e. the Amt fuer Energieplanung (Office for the Planning of Power) 3/ chief: Schulze-Fielitz, Secretary of State in the Ministry. The office is composed of 13 members coming from all important producers of electric power. It coordinates the work of the Inspector General for Water and Power and of the corresponding Main Committees, deals with the coordination of supply of electricity and gas for the whole war economy and operates through Energieingenieure (power engineers).

f. the Buero Transportordnung 4/ (Office for Regulating Transport) is engaged in rationalizing transportation. Under it are Transporthauptkommissionen (Transport Main Commissions) to avoid long-distance and unnecessary hauls for specific industries.

II. The Ministry operates also through special deputies who are charged with the solution of specific problems. Two such deputies are known to exist:

a. On October 10, 1942, Speer appointed Government Councillor (ret.) F. Kirstein his Deputy for Inland Navigation for the purpose of coordinating the civilian and military demands with regard to the annexed and occupied territories. The appointment was made by Speer in his dual position: as Minister for Armaments and Munitions and as Commissioner General for Armament Tasks under the Four Year Plan. b. Krupp director Houdremont is his deputy for metal substitutes.

III. The Speer ministry has organized a number of corporations to which certain important functions have been delegated. This constitutes an entirely new approach to the solution of the difficulties with which the Nazi war economy is faced. The shares of these corporations are either partly or wholly held by private industry. The following corporations can

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1/ Europakabel, January 8, 1943.
2/ Das Reich, June 20, 1943.
3/ Established in the spring of 1943; see Hamburger Fremdenblatt, April 2, 1943.
4/ Frankfurter Zeitung, July 21, 1943, created in cooperation with the Ministry of Economics.

be identified:

a. The Ruestungskontor, Limited Liability Company. The chairman of the corporation is the Generalreferent in the Ministry, Dr. Hettlage, who still is a member of the directorate of the Commerzbank. This corporation is a central clearing office for the allocation of steel to armament producers.

b. The Generatorkraft AG, with a capital of 9 million marks. Half of the capital is owned by the Ruestungskontor; the other is owned by private timber industry. 1/ The function of this corporation is to finance the transformation of liquid-driven vehicles into producer-gas vehicles.

c. The Ministry is also responsible for the establishment of the Heeres-Ruestungskredit AG, by the Deutsche Industriebank for the administration of long-term credits to manufacturers of army equipment. 2/

d. The Arbeitsgemeinschaft Ruestungshandel (Working Community in the Armaments Trade) 3/ covering all trade groups interested in deliveries to the armaments industry, and charged with the same general tasks as the autonomous organs of industry previously existing.

IV. As important as the central organization of the Ministry are the regional agents through which it operates, namely:

a. Wehrkreisbeauftragte (Army District Deputies) for each army district, consequently also in occupied Europe. They are to see to it that the Committees and Rings fulfill their tasks, that technical progress is made available to the armament factories. The Army District Deputies use for the executions of their tasks the Gau office for technology of the Nazi organization. 4/

b. The Office for Expansion of Armament Production maintains Aussenstellen (field offices) for each army district.

c. Transport Deputies of the Ministry are appointed with the Economic Groups and for Trade Groups to disentangle the transport problem. 5/

d. The Power Engineers have already been mentioned.

e. Baubevollmaechtigte (Building Construction Deputies) are strictly speaking the regional agents of Speer in his capacity as Commissioner General for Building Construction. They serve, however, at the same time, as the regional agents of the Speer Ministry for all matters concerning building construction.

1/ Neues Wiener Tagblatt, February 5, 1943.
2/ OSS Dispatch from London, May 26, 1943.
3/ Stockholm, Plain, July 19, 1943, quoting the Ostsee Zeitung, June 29, 1943 and Muenchner Neueste Nachrichten, February 5, 1943.
4/ Der Deutsche Volkswirt, October 3, 1942.
5/ Das Reich, November 22, 1942.

f. The most important regional agents of the Speer Ministry are, however, the Armament Inspectors and the Armament Commandos. The Armament Inspectors are also the chairmen of the Armament Commissions which coordinate armament production in the regional level.

The above organs of the Ministry may be called the "bureaucratic" pillar of the Ministry. The departments, the corporations, the regional agencies are direct bureaucratic organs, unbureaucratic as their form may be.

V. The bureaucratic pillar is, however, strengthened by the "self-government" pillar of the Ministry, represented by the Committees and Rings. Just as the Ministry of Economics operates through bureaucratic agents and through the organs of self-government of industry (groups and chambers) so does the Speer Ministry rely on both methods of control.

The establishment of the Committees and Rings was the outcome of the failure of the previous German control system which was becoming apparent during the winter 1941/42, that is, under the impact of the defeat suffered on the Russian front. All efforts were then directed towards rationalizing the German war economy, that is, to achieve higher output with a lesser investment of labor, machinery, and raw materials.

In order to achieve this aim the Speer Ministry established so-called Hauptausschuesse (Main Committees) and Industrieringe (Industrial Rings). Formerly, the German economy was organized in terms of certain fairly comprehensive "industries" (iron and steel, coal, textiles, etc.), and this is still the case as far as control of raw materials is concerned. The Main Committees and Rings, however, are determined by products (the tank, the diesel engine, the ball bearing, the rivet, etc.). If the finished product, e.g. a tank, is composed of a number of different parts which are produced by several branches of industry, a Main Committee is established for it. 1/

If, however, an article is used in a number of industrial enterprises (for instance, a ball bearing is used in tanks and other products), then Industrial Rings are created. While a Main Committee thus embraces the industries manufacturing parts for a finished product, a Ring cuts across all the industries that are using a specific article. According to Speer, this organization has already been sketched by Todt and was finally created in agreement with Goering, the Supreme Command of the Armed Forces, the Ministry of Economics, and several Commissioners General under the Four Year Plan, and is directed by his Ministry. 2/ Both Committees and Rings are composed exclusively of engineers and construction men and no lawyers, administrators, or financial experts are admitted.

1/ Frankfurter Zeitung, May 10, 1942.
2/ Das Reich, April 19, 1942, Microfilm No. 19.

c. In addition to Funk and Speer, Goering exerts considerable direct influence over economic controls. Goering's henchman, the Secretary of State Paul Koerner, runs the Four Year Plan Office. The Four Year Plan Office must not be confused with the Four Year Plan which is a principle for the adaptation of the German economy to preparedness in war. For the execution of the Four Year Plan, Goering uses not only the Four Year Plan Office but all other agencies of the state and of the Party.

In the Four Year Plan Office, a number of very important economic controls are centralized. Most of the Commissioners General for rationalization (chemical industry, vehicle industry, etc.) are agents of the Four Year Plan Office. Speer himself is a Commissioner General for Armament Tasks in the Four Year Plan Office in order to enable him to adjust the civilian sector of the economy to the needs of the armament production. He is likewise a Commissioner General for Building Construction. Within the Four Year Plan Office, Sauckel is Commissioner General and operates through parts of the Ministry of Labor, through the Gauleiter as his deputies for labor allocation, through the labor exchanges, and through the trustees of labor. The Reich price commissioner is also an agent of the Four Year Plan Office. As far as the Reich Price Commissioner fixes prices for government orders (uniform or group prices) he operates jointly with the War Economy and Armament Office of the Supreme Command of the Armed Forces.

d. There exist in addition to Funk, Speer and the Four Year Plan Office a number of Commissioner Generals and Inspector Generals directly responsible to Hitler and not to either of the three economic chiefs. Special mention should be made of the Inspector General for Motor Transportation, Jakob Werlin; the Inspector General for Roads, Speer; the National Housing Commissioner, Robert Ley; the Reich Commissioner for Ocean Shipping, the Hamburg Gauleiter Karl Kaufmann; and the Inspector General for Water and Power, Speer.

4. Organizational Meaning of the Hitler Decree

There is no question that Funk has been demoted and that the Four Year Plan Office has been placed under Speer. Funk has been kicked upstairs to the Central Planning Board which, obviously, has very limited functions. He has been compensated by more powers in the field of finance and credit policy so that the Ministry of Finance has come under his jurisdiction. That means that the Minister, Count Schwerin Krosigk, a mere figurehead, and his Secretary of State, Fritz Reinhardt, become subordinated to Funk. This increase in power means very little because the financing of the German war economy is today not a problem of major political significance. It is true, of course, that the power of the banks has increased during recent months. 1/ Nevertheless, the control of the Ministry of Finance and of the credit machinery today does not give genuine power over the German war economy.

1/ See Office of Strategic Services, "Banks, Industry and the Nazi Party".

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There is also no doubt that the Rationalization Commissioner in the Four Year Plan Office and Sauckel as Commissioner General for the Allocation of Labor are now under the control of Speer, though it remains doubtful whether the Price Commissioner will be subordinated to him. There is thus no question that Speer emerges as the key figure in the German war economy and that he controls the whole war production including raw material control, labor control, rationalization and standardization, transportation raw material allocation, and that the whole apparatus of the Ministry of Economics, of the Four Year Plan Office, and of his own Ministry are at his disposal.

Speer's appointment thus parallels that of Himmler as Minister of the Interior. Just as Himmler, who already factually controlled the Ministry of the Interior, has now been put in charge of all domestic affairs (with the exclusion of economic controls) including the Ministry of the Interior, the Ministry for Church Affairs, the Ministry of Education and the Ministry of Justice, in the same way Speer's factually predominant position now found legal recognition.

The elevation of Speer does not indicate a corresponding loss of Goering's power. Though Goering may have lost direct control of the whole or parts of the Four Year Plan Office, he still retains his position as Hitler's Delegate for the Four-Year-Plan. In addition, his henchmen (Rodhnert, Pleiger, Voss, Schieber) occupy predominant positions in the Armament Council and the Speer Ministry.

5. The Causes of the Decree and Impending Organizational Changes

The decree is a consequence of a steadily deteriorating economy which is suffering heavily from defeats in the field, from aerial bombardment and from the loss of economic resources in the East and the South. The major factor is probably the dislocation of German industry produced by air attacks. Heretofore, economic decisions had to be reached by compromises between Funk, Speer and the Four Year Plan Office. Such time-consuming procedure is no longer possible. Utmost speed is required in deciding whether or not an industry should be transferred, plants should be closed down, machinery should be shifted, labor should be moved. Heretofore, the Speer Ministry had to go to the directors of the 22 Spheres of Steering for the raw materials necessary for armament production. The National Commissioners in turn had to consult with the various organs set up by the Economic Groups for the purpose of deciding whether or not such allocation could be made. This method is no longer applicable when decisions have to be made almost instantaneously. In the situation in which Germany finds herself today, speed is more important than rational discussion. Acquired rights and property titles cannot be permitted to hinder the speedy execution of measures that leadership regards necessary. The consequence is that the self-government of German industry under the Ministry of Economics, that is the National Economic Chamber, the 7 National Groups, the Economic Groups, Trade Groups and Sub Trade Groups, may either disappear or cease to perform any function for the duration of the war. A partial integration of Groups and Main Committees has already been achieved by appointing, in a number of cases, chairmen of Main Committees to the

leadership of economic Groups.

It will mean that the Speer Ministry will actually assume the direction of raw material control, planning of production, closing down of plants, shifting of machinery, allocation of labor, all standardization and rationalization measures. There is little doubt that these powers will be ruthlessly used in the interest of maintaining arms production. No longer does a separate authority responsible for the civilian economy exist; as a consequence the level of consumption will unquestionably be curtailed to a minimum.

It is, of course, impossible for the new organization to increase arms production. It may, however, prevent too sharp a decline. Not much, however, can be expected. The conscious policy of concentration may have to be partly abandoned and closed marginal plants may have to be reopened. This may become necessary as a consequence of the destruction of efficient producers and the impossibility of expanding the facilities of other efficient producers. This will, of course, require more labor and the heavy strain on manpower will thus be increased. The report on page 3 that home work will be encouraged for the manufacture of certain component parts, confirms this view. The above-mentioned report indicates that the Main Committees with their regional organization will be primarily the agents through which the Ministry will operate.

At the regional level, the dualism between the Armament Commissions headed by the Armament Inspector and the War Economic Staffs (Kriegswirtschafts-staebe) headed by the Gauleiter in their capacity as National Defense Commissars may disappear. It is likely that the War Economic Staffs will be either dissolved or put under the Armament Commissions whereas, heretofore, the War Economic Staffs were above the Armament Commissions. In any case, the influence of the Speer Ministry will also become predominant at the regional level.

6. The Probable Attitude of Industry

The new measure will deepen the antagonism between industry and the Nazi Party. The full concentration of powers in the hands of Speer and Himmler respectively is an expression of the determination of the Nazi leadership to fight the war to the bitter end and not to allow the emergence of a Badoglio government. The Nazi leadership realizes, of course, that hope for military victory is rapidly declining. It knows that the United Nations will not make peace with them, but that the enemy may enter into negotiations with industrialists, generals, and high civil servants. The Nazi leadership is thus in complete isolation and one of the purposes of the decree is to overcome this isolation by making the industrial leadership a willing or unwilling partner in the struggle to the death.

It has been indicated above that the Ministry of Armament and Munitions does not operate through civil servants but almost exclusively through engineers and construction men. This has been interpreted by many observers to mean that the very structure of the Ministry of Armament and Munitions is "anti-capitalistic" and that the exclusion of bankers, economists, jurists and corporation administrators indicates the hostility of National Socialism to big business and the system of capitalist economy. This is not true. Wilhelm Zangen, President of the Mannesmann Combine, Leader of the National Group Industry and Funk's Deputy for Rationalization of the Economy, had a statistical analysis made of the composition of the directorates of 35 industrial corporations in the Ruhr district. The result was that the 143 members composing the managing boards (Vorstaende) were composed as follows: 85 technicians, 47 businessmen and 11 jurists 1/, so that the technicians constitute a huge majority in the managing boards of the most powerful industrial corporations. This is in accordance with the practice of the German industrial ruling class. First generation capitalists usually send one of their sons to a university to study economics and the other son to a Technische Hochschule to study engineering or chemistry so that the two sons then can run the inherited corporation technically and financially. All the 15 chiefs of the Main Committees are managers or owners of the most powerful corporations.

The Main Committee No. 1 (Wehrmacht und Allgemeines Geraet - Armed Forces and General Equipment) - the most important one - is headed by Wilhelm Zangen. The Main Committee Triebwerke (Engines) is headed by William Werner of the Auto-union. The Main Committee Schienenfahrzeuge (Rail Vehicles) is headed by Degenkolb of the Flick Combine. The Main Committee Machinery is headed by A. Tix of the Bochumer Verein. The Main Committee Shipbuilding is headed by State Councillor Rudolph Blohm, owner of the famous shipyards, Blohm and Voss. The Main Committee Armed Vehicles and Tractors is headed by Dr. Walter Rohland of Krupp. All of the sub-committees established by the Main Committees are headed by representatives of the most powerful Combine owners or directors. There is thus no question but that the whole Speer Ministry, the department chiefs, the various special delegates and the Main Committees are run by representatives of the most powerful and the most reactionary strata of German industry.

The Armament Council (Ruestungsrat) which coordinates the Main Committees and is the advisory body of the Speer Ministry is, besides, composed of four high officers (Milch, Fromm, Witzell, Thomas, Loeb) and eight industrialists (Buecher - General Electric; Poensgen and Voegler - Steel trust; Roehnert and Pleiger - Goering Combine; Roechling - Roechling Combine and president of the Reichsvereinigung "Iron"; Zangen - Mannesmann; and Kessler-Siemens.

Thus there seems to be a deliberate policy of the Nazi leadership aimed at overcoming the isolation in which it finds itself. By transferring the most important functions in the economy (closing down, shifting of plants, shifting of labor and so on) to representatives of big business, the resentment engendered by the hopelessness of the situation will be directed as much against big business as against the Nazi leadership. Big business is also compelled to assume responsibility for the economic conduct of the war whether it wants such responsibility or not.

It is of course true that the power and financial position, the spoils of Germanization, Ayranization, and concentration of capital have up to America's entrance into the war appeared as compensation for the risks involved in Germany's adventurous policy. But German big business leadership is undoubtedly highly intelligent, has a large number of international connections, and realizes the hopelessness of the situation. There is no question but that it desires a way out. The new appointment, while it appears to make this problem more complicated and more difficult of solution, must stimulate the industrialists to redouble their efforts to discover an avenue of escape.